

20 March 1974

MEMORANDUM FOR: Director of Central Intelligence  
FROM : Deputy Director for Intelligence  
SUBJECT : Release of Intelligence Documents to  
Federal Contract Research Centers  
(FCRCs)

1. This memorandum responds to the question George Tanham of RAND raised with you earlier this month. The question related to the possibility of disseminating classified documents to "Federal Contract Research Centers".

2. There are two elements to this question--what are Federal Contract Research Centers and what are the present rules with respect to disseminating classified information to them?

3. The term "Federal Contract Research Centers" is defined in a National Science Foundation (NSF) publication of 1967 as:

R&D organizations exclusively or substantially financed by the Federal Government, which were established by the Federal Government either to meet a particular research and development need or, in some instances, to provide major facilities at universities for research and associated training purposes.

Basically, the term and variations of it form a category of organizations used by the NSF in its various reports on how the Federal Government spends its R&D funds. It does not describe

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a fixed list of organizations with a homogeneous set of relationships with the US Government. Over time the definition has changed thereby adding or deleting various sub-groups of organizations. During the period 1957 to 1967 over 90 different organizations were included in the various listings although at any one time about half that number were listed.

4. The listing for fiscal years 1971-1973 (headed "Federally Funded Research and Developments Centers") contains 67 entries. This list includes a variety of organizations under contract to US departments and agencies ranging from Defense, Air Force, Navy, Army, AEC to NASA, HEW, and NSF. Some of the contracts are administered by universities and other non-profit institutions and others are administered by industrial firms. Some do classified work; others do not. My view is that it would not be useful to use the organizations listed in the NSF publications on the subject as a class for a decision on access to classified intelligence. It would be better to treat each organization on its own merits when deciding whether it should receive classified information.

5. The standing USIB rules covering contractor access to classified information are quite clear and restrictive. The rules require that any classified intelligence passed to a contractor be directly pertinent to the tasks involved in a specific contract (need to know) and that the individuals and facilities involved have the necessary clearances. The contracting agency must review each document to be passed in order to certify the need to know. In addition, there are several document controls (e.g., EXDIS, Controlled Dissem) which prohibit dissemination to contractors without explicit approval of the originating agency. These rules do not distinguish between contractors on NSF's list of FFRDC and other private firms like GE/TEMPO.

6. These USIB rules were developed after much debate and reflect some unfortunate experiences various intelligence agencies have had with contractors including those on the NSF list of FFRDCs. At one time ORR disseminated much of its finished intelligence on the Soviet economy to RAND under a general research

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contract we had. There is at least one instance where a RAND person published a classified ORR report as an unclassified RAND report. The whole Pentagon Papers episode also generated a hard review and tightening of the dissemination of classified reports to contractors. Furthermore, organizations on the FFRDC list are taking on contracts with foreign governments (e.g., MITRE for Japan and Stanford Research Institute for a number of foreign countries and firms). This should make us look very hard at any blanket arrangements we might make.

7. On the basis of these factors, I recommend against any general arrangements to disseminate classified intelligence on a routine basis to the FFRDCs as a group. If you wish to pursue this matter further with Tanham concerning RAND, I recommend that we have some very specific discussions with him to see what might be done on the matter.



EDWARD W. PROCTOR  
Deputy Director for Intelligence

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